



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Byford Schmit, Chairperson
Village of Steinauer
215 Main Street
Steinauer, NE 68441

Dear Chairperson Schmit:

As you know, the Nebraska Auditor of Public Accounts (APA) has approved the fiscal year 2018 audit waiver for the Village of Steinauer (Village). However, while performing our review to determine whether to approve the audit waiver, the APA noted certain internal control or compliance matters, or other operational issues, within the Village. The following information is intended to improve internal controls or result in other operational efficiencies.

Comments and Recommendations

1. Payment of Claim Prior to Board Approval

During our comparison of the Village's bank account details to claims approved by the Village Board (Board), the APA noted that one Village payment, totaling \$572.50, was made before the claim was approved by the Board. Details of the premature payment are presented in the table below:

Claim Date	Name/Vendor	Amount	Payment Type	Cleared Date	Days Paid Before Approval
9/17/2018	Pawnee County Rural Water	\$ 572.50	EFT	9/10/2018	7

Neb. Rev. Stat. § 17-614(1) (Cum. Supp. 2018) sets out the proper method for the appropriation or payment of money by the Village, as follows:

All ordinances and resolutions or orders for the appropriation or payment of money shall require for their passage or adoption the concurrence of a majority of all members elected to the city council in a city of the second or village board of trustees. . . .

(Emphasis added.) Good internal control requires procedures to ensure that all claims are approved by the Board prior to payment and are adequately documented in the meeting minutes of the month in which they are approved. Without such procedures, there is an increased risk for the loss or misuse of Village funds.

We recommend the Board implement procedures to ensure all claims are approved by the Board prior to payment and are adequately documented in the meeting minutes of the month in which they are approved.

Village Response: I am working with the Pawnee County Rural Water to change the EFT date to be after our monthly meetings. We receive the notice of billing after our monthly meetings and the EFT is deducted prior to our next monthly meeting. If they cannot change the date, we will go back to issuing a paper check.

2. Other Issues

On page one of Exhibit A of the Village’s audit waiver request, the APA noted that the rows titled “Net Cash Balance” (line 26) and “Investments” (line 27) were not completed.

Good internal controls require procedures to ensure that the Village’s audit waiver request form is filled out in its entirety in order to reflect accurately the financial position of the Village. When not filled out completely, there is an increased risk of the audit waiver request not reflecting the actual financial position of the Village. Such a defect could result in the audit waiver request being denied.

We recommend the Village implement procedures to ensure any future audit waiver request forms are completed in their entirety.

Village Response: On page one of Exhibit A, Lines 26, 27, 28 were not completed. This is an oversight. I have adjusted my notes to make sure this does not happen in the future.

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The preliminary planning work that resulted in this letter was designed primarily on a test basis and, therefore, may not bring to light all existing weaknesses in the Village’s policies or procedures. Nevertheless, our objective is to use the knowledge gained during the performance of that preliminary planning work to make comments and suggestions that we hope will prove useful to the Village.

Draft copies of this letter were furnished to the Village to provide its management with an opportunity to review and to respond to the comments and recommendations contained herein. Any formal responses received have been incorporated into this letter. Such responses have been objectively evaluated and recognized, as appropriate, in the letter. Any response indicating that corrective action has been taken was not verified at this time.

This communication is intended solely for the information and use of the Village and its management. It is not intended to be, and should not be, used by anyone other than those specified parties. However, this letter is a matter of public record, and its distribution is not limited.

If you have any questions regarding the above information, please contact our office.

Sincerely,



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cc: Suzanne Borchert, Village Clerk